



Global Status of Transport Connectivity in LLDCs and Transit Countries



FADIAH ACHMADI
(fadiyah.achmadi@fimotions.com)

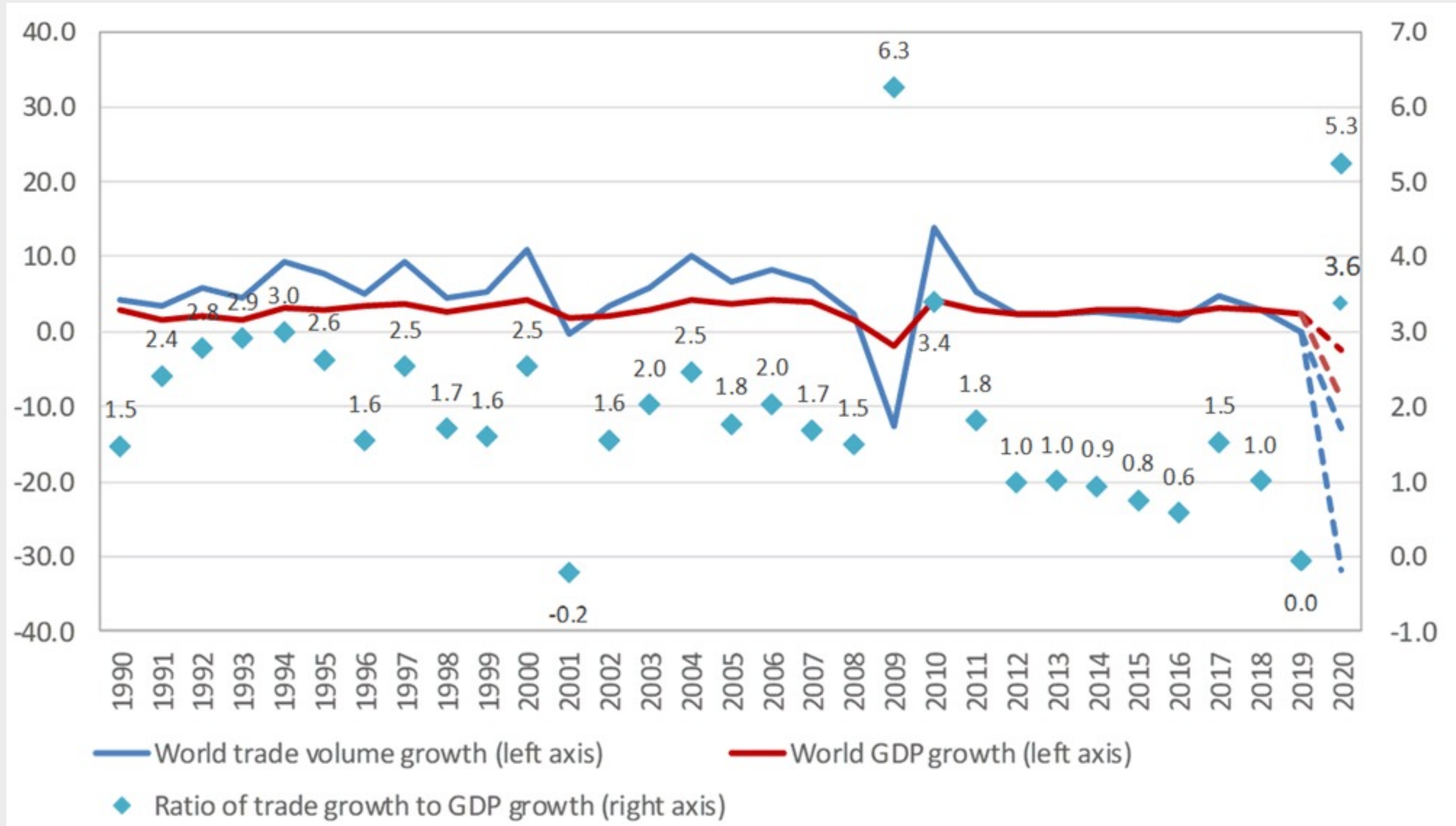
Transport connectivity in a nutshell



- Connectivity is defined as “connectedness” in terms of transport, trade, customs and logistics processes
- A developed transport connectivity system is **crucial for LLDCs**:
 - ✓ allows transport modes and infrastructure to be well-interlinked
 - ✓ improves accessibility expressed in reduction of travel time and transportation costs
- Properly designed transport policies that promote **sustainable transport connectivity** strengthen the competitiveness of the country through facilitation of trade within and across the regions and reinforcing access to markets.

Why facilitating trade?

Ratio of world merchandise trade growth to world GDP growth, 1990-2020 (% change and ratio)

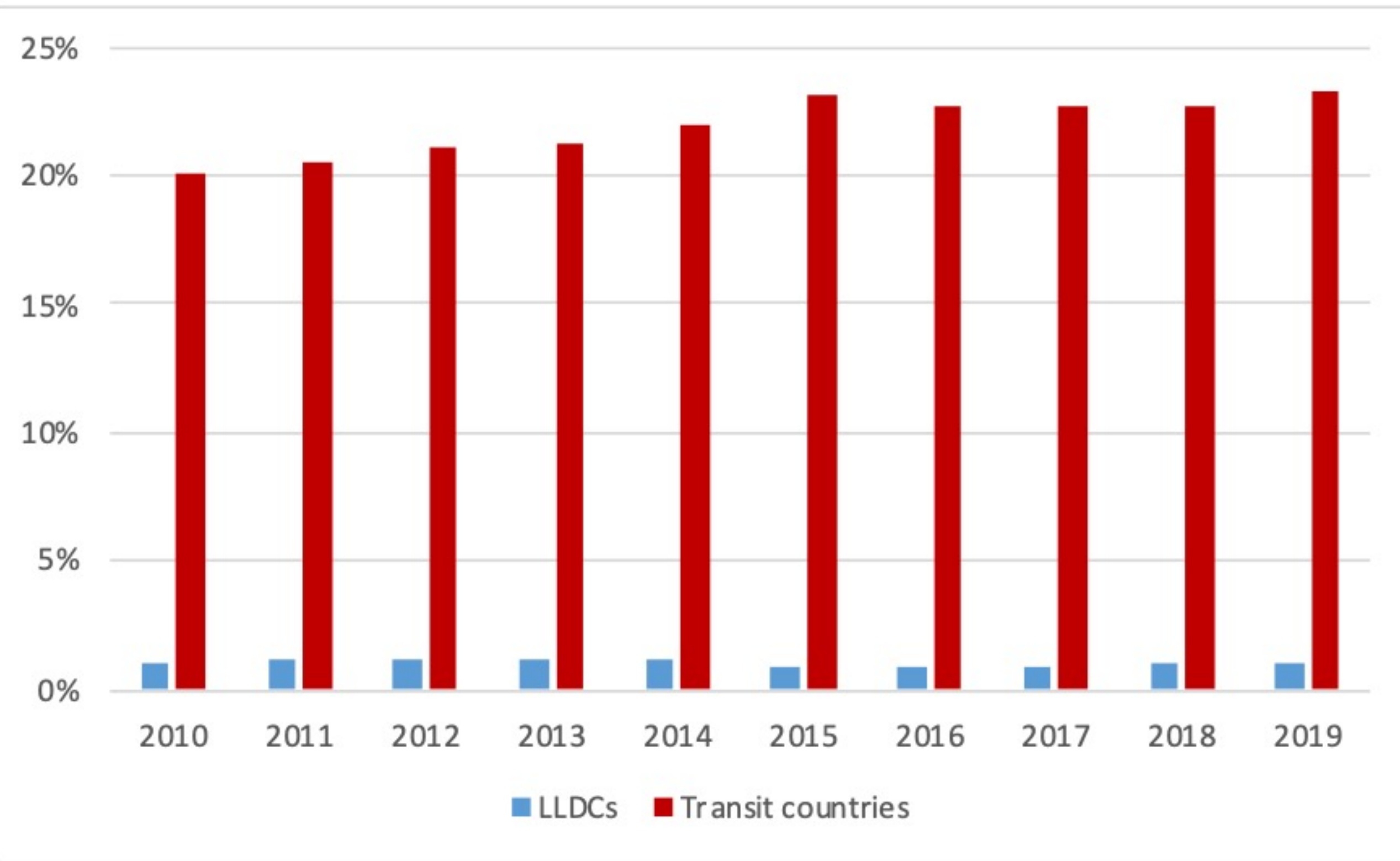


Source: WTO (https://www.wto.org/english/news_e/pres20_e/pr855_e.htm)

Share of LLDCs in global merchandise exports

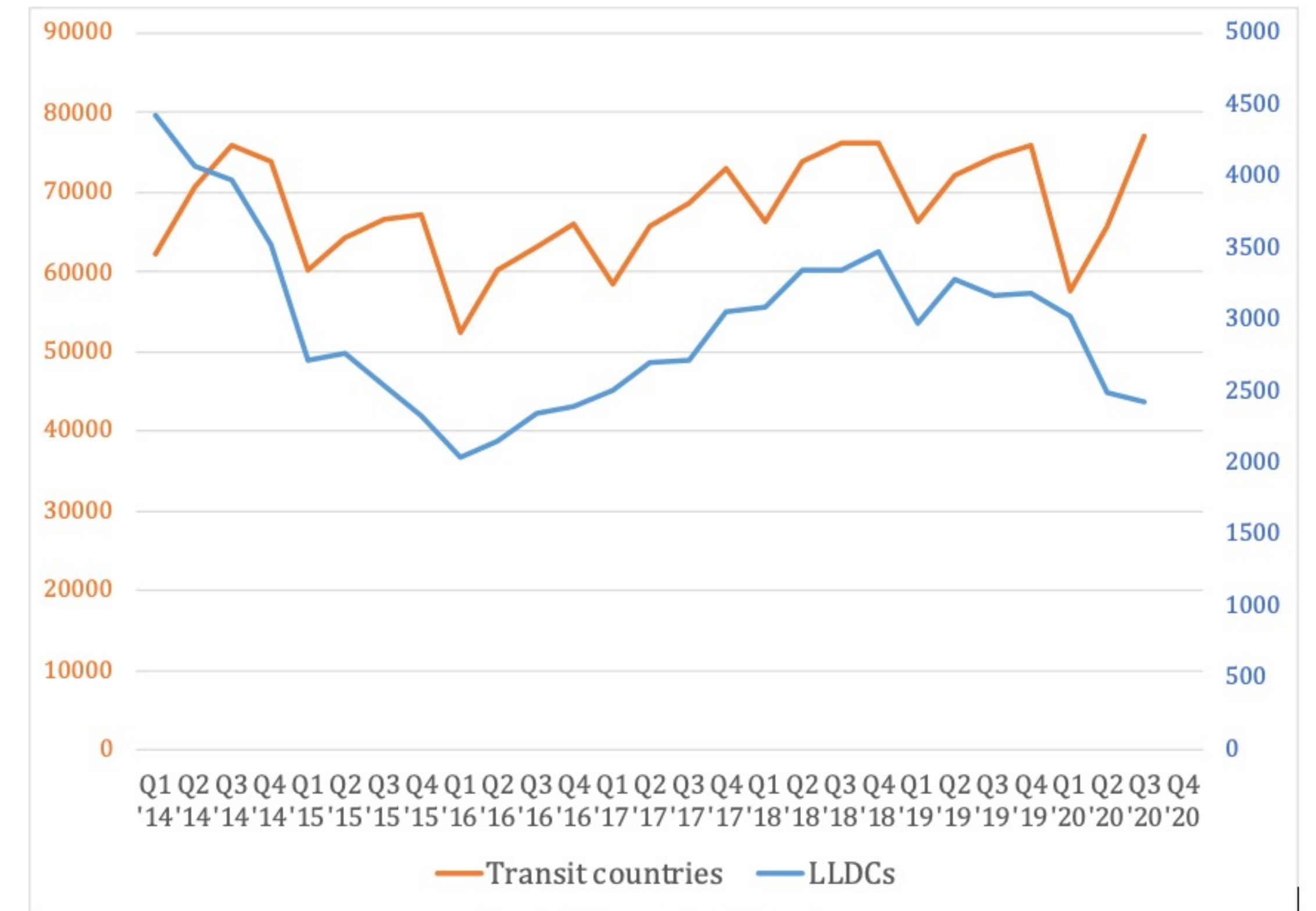


Share of LLDCs and transit countries in global merchandise exports



Source: UNCTADstat

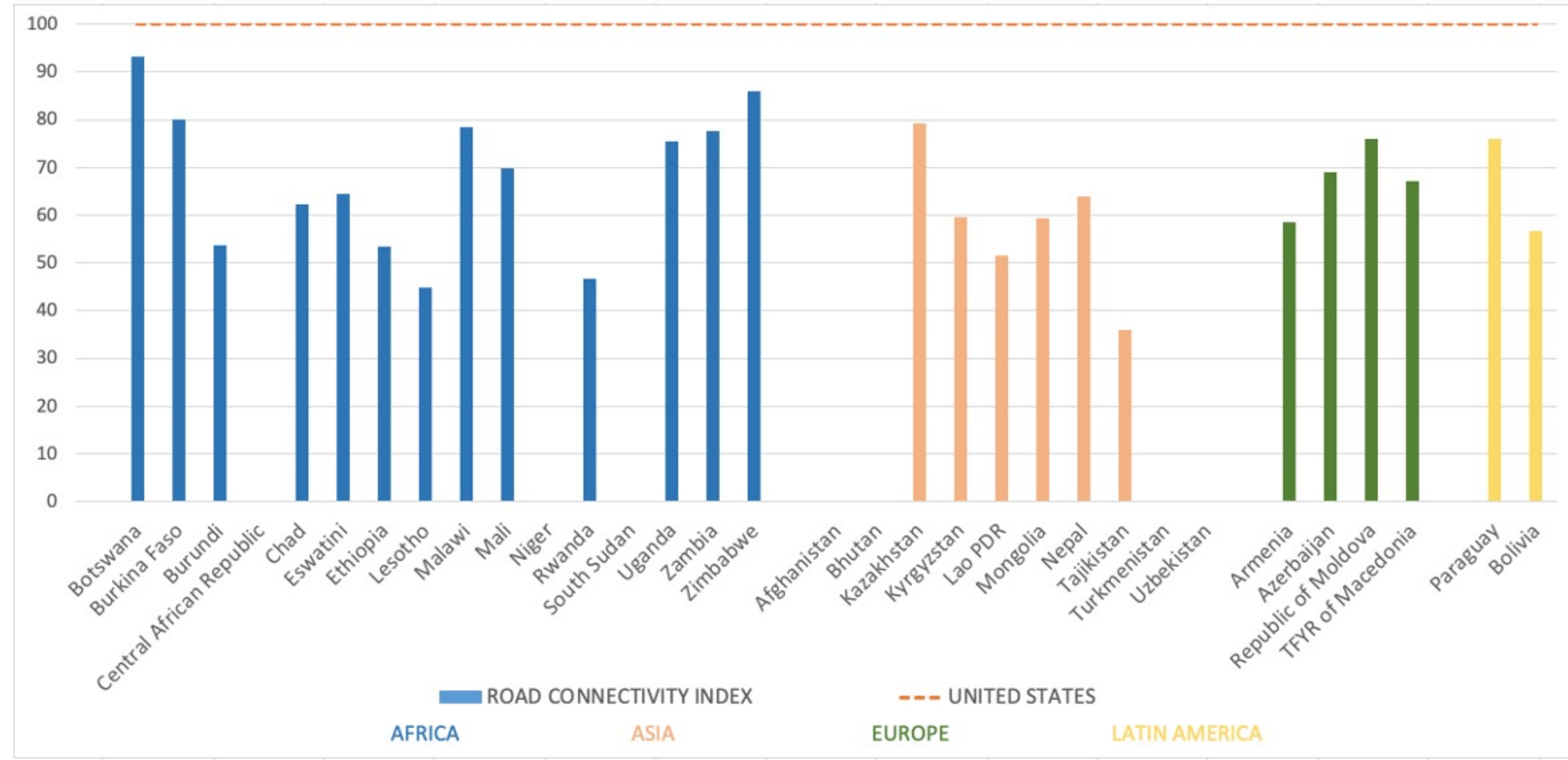
Average total merchandise exports 2014-2020 (million \$US)



Source: WTO (<https://data.wto.org/>)

Road infrastructure

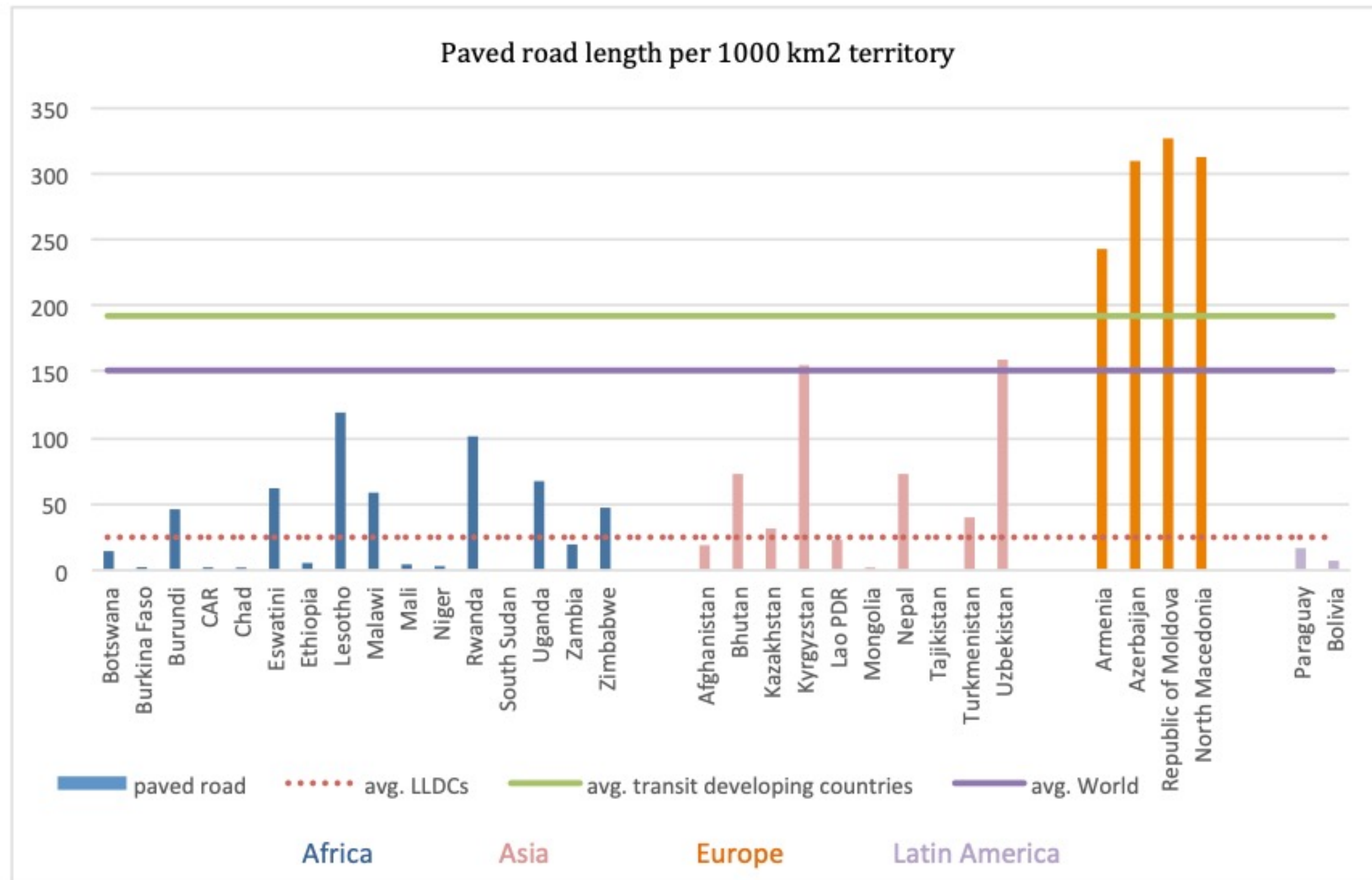
Road connectivity index 2019



Source: World Economic Forum (2019)

Road infrastructure

Paved road density of LLDCs



To reach the global average of paved road in LLDCs, nearly 200,000 kms of paved roads would need to be constructed

Additional road needed in LLDCs

Region	Additional road length (km)
Sub-Saharan Africa East	53,900
Sub-Saharan Africa West	53,100
East Asia	8,300
South Asia	7,700
Eastern Europe and central Asia	57,900
Latin America	15,200
Total LLDCs	196,100

Source: UN-OHRLLS (2018)

Rail infrastructure



Potential advantages of rail over road transport:

- Lower tariffs → ideal to transport low-value bulk goods
- Shorter and more reliable transit times due to fewer stops
- Fewer en-route delays
- Rail freight is resilient during the **COVID-19 pandemic**

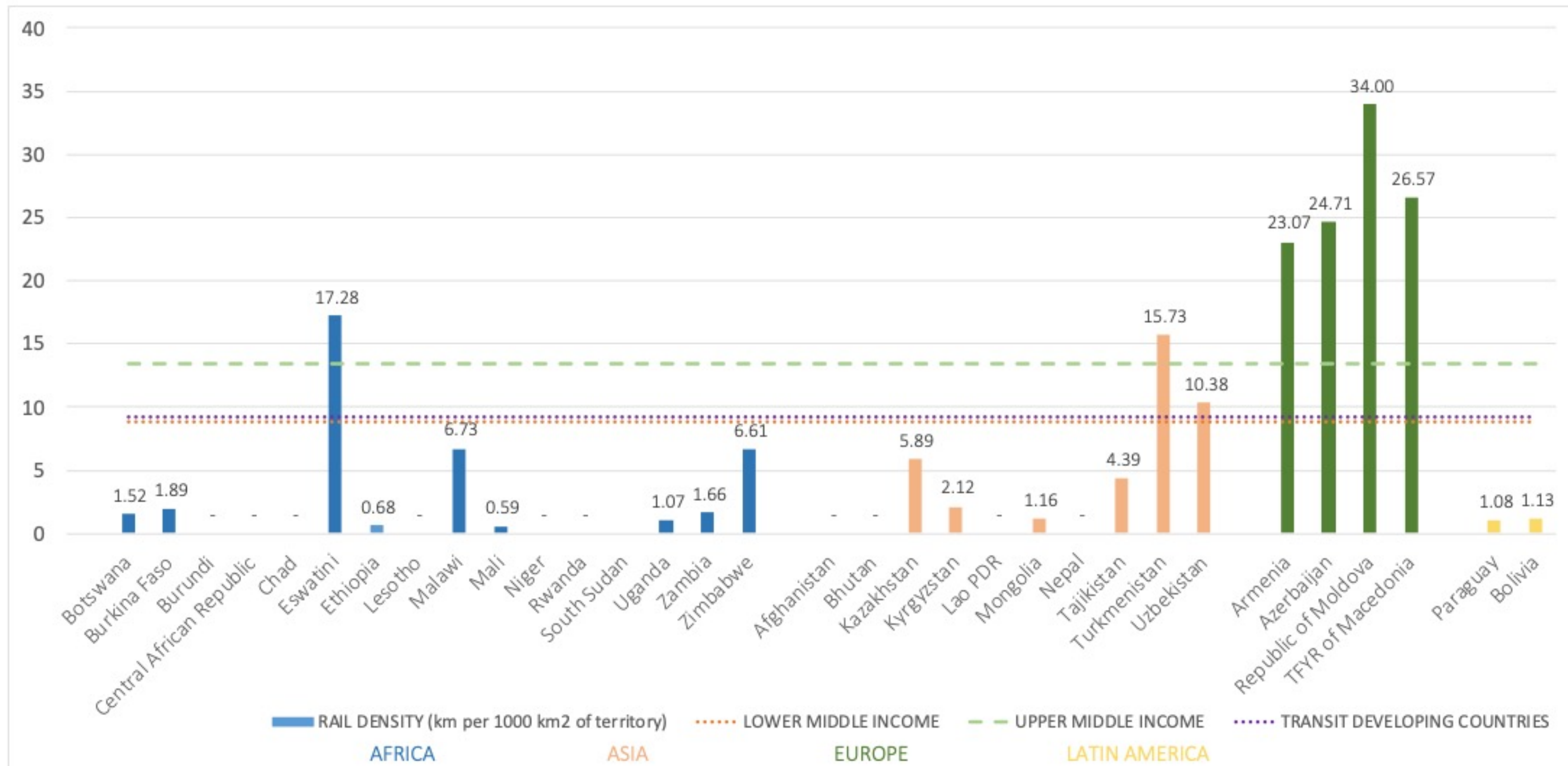


Current situation:

- Low rail density, missing links, poor maintenance
- Cannot compete with road transport
- Further decline in rail transport and railways' finances

Rail infrastructure

Rail density



To reach the global average of railway density in LLDCs, more than 46,000 kms of railways would need to be constructed

Additional railways needed in LLDCs

Region	Additional rail length (km)
Sub-Saharan Africa East	12,700
Sub-Saharan Africa West	8,000
East Asia	5,100
South Asia	4,700
Eastern Europe and central Asia	13,900
Latin America	1,800
Total LLDCs	46,300

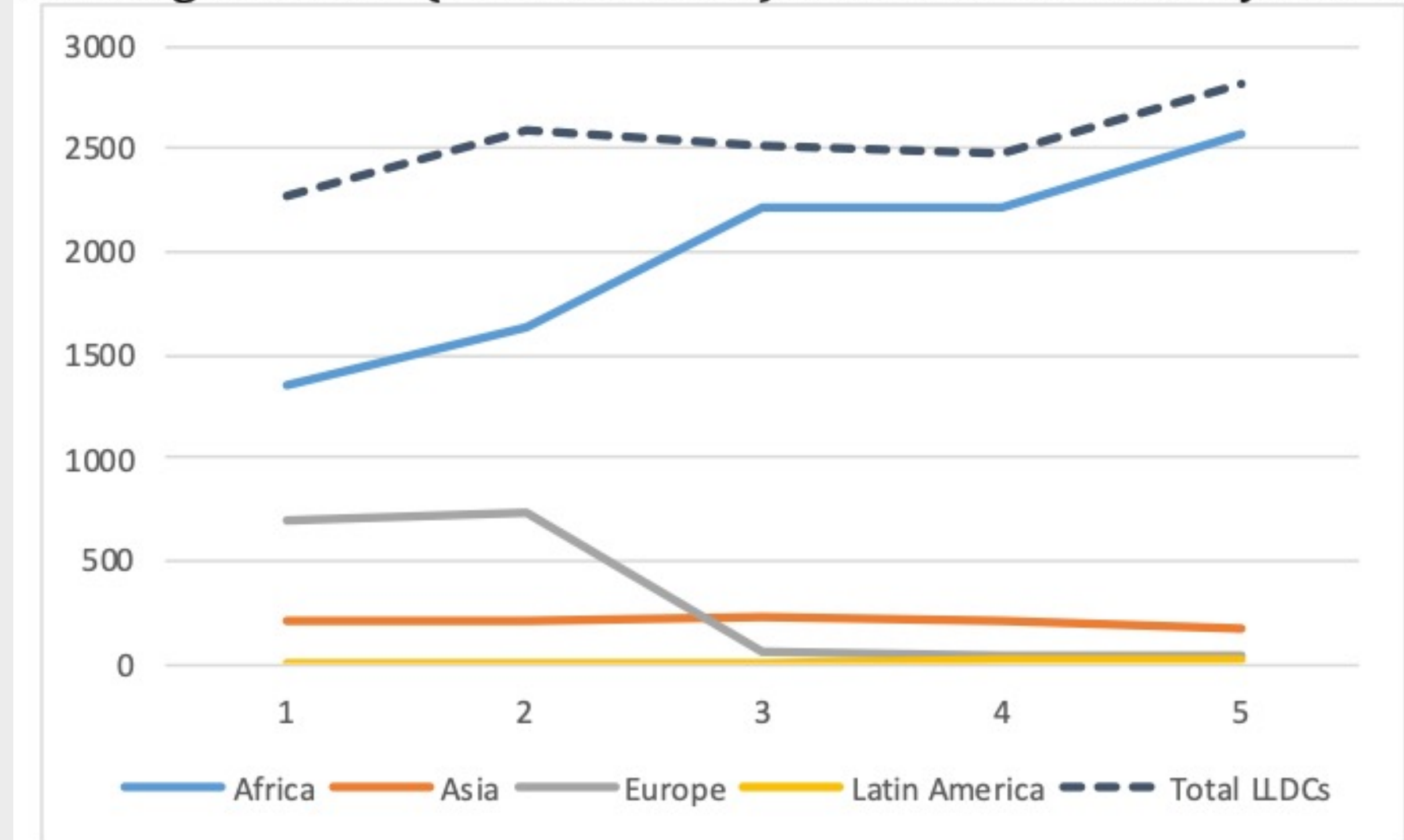
Source: UN-OHRLLS (2018)

Source: World Bank

Air transport

- Vital role in promoting connectivity of LLDCs
- Important to foster exchange of goods and services, but also matters to boost the productivity and growth of economies
- Infrastructure demands very high investment → main bottleneck
- Suitable for high value or time-sensitive goods >< low value addition of LLDCs' export commodities

Air freight volume (million ton-km) in LLDCs in the last 5 years available



Source: World Bank

Air transport

Passenger air traffic in Asian LLDCs in 2019 and 2020 projections

Country	Domestic 2019	International 2019	Total 2019	Domestic 2020 est	International 2020 est	Total 2020 est	Y-o-Y drop
Afghanistan	0.7	1.5	2.2	0.4	0.4	0.8	64%
Azerbaijan	0.6	4.4	5	0.3	0.9	1.2	76%
Kazakhstan	5.4	6.3	11.7	4.2	1.2	5.4	54%
Kyrgyz Republic	0.6	2.5	3.1	0.3	0.5	0.8	74%
Mongolia	0.4	1.2	1.6	0.4	0.2	0.6	63%
Tajikistan	...	2.1	2.1	...	0.4	0.4	81%
Turkmenistan	1.3	0.9	2.2	0.6	0.2	0.8	64%
Uzbekistan	0.7	4.7	5.4	0.3	0.9	1.2	78%
Total	9.7	23.6	33.3	6.5	4.7	11.2	66%

Source: ECLAC (2020)

Inland Water Transport (IWT)

Benefits:

- Competitive freight rates for low-value high-bulk commodities
- Positive impact on the environment
- Lower investment per km to improve the navigation condition
- Storage costs at river ports are lower

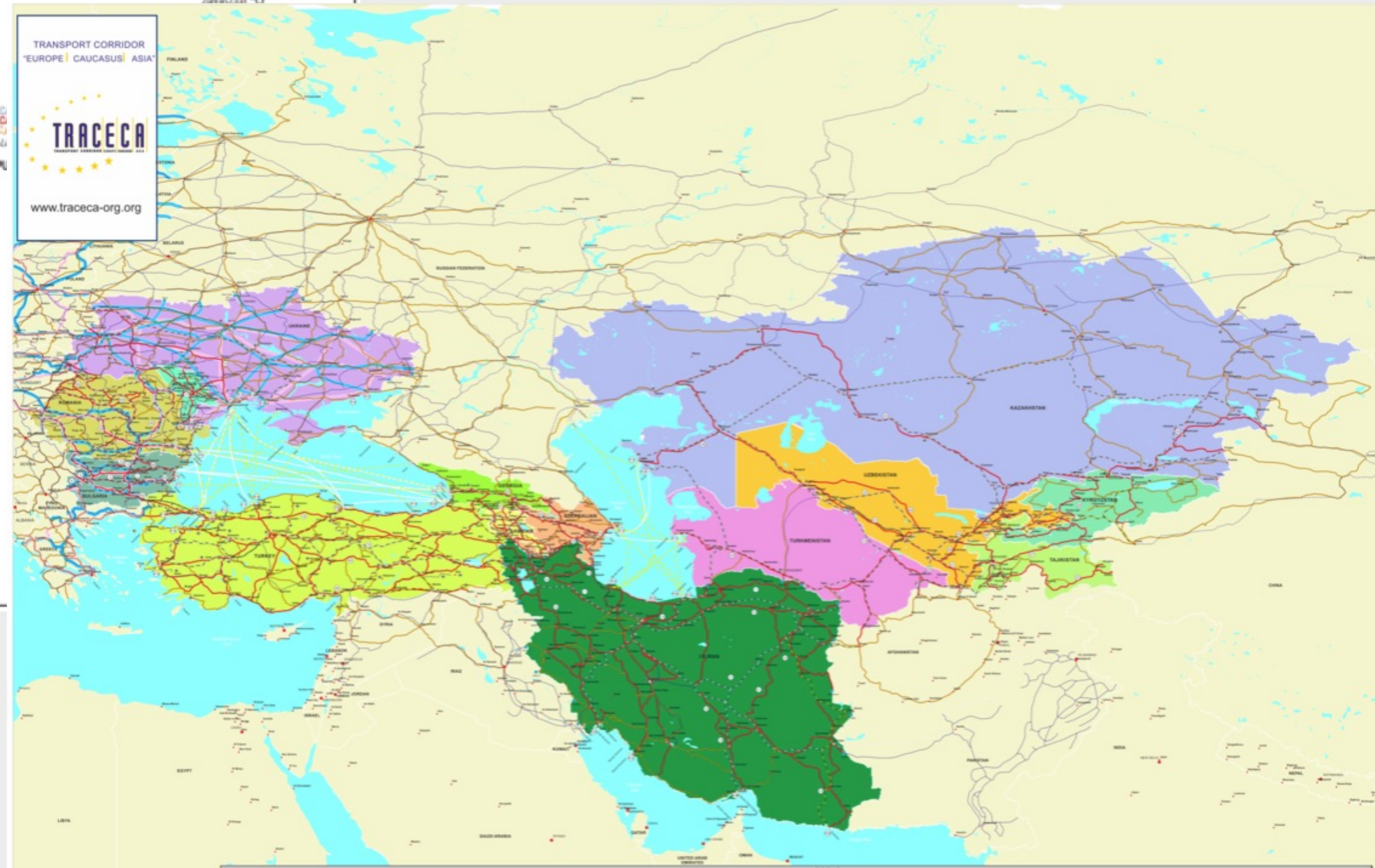
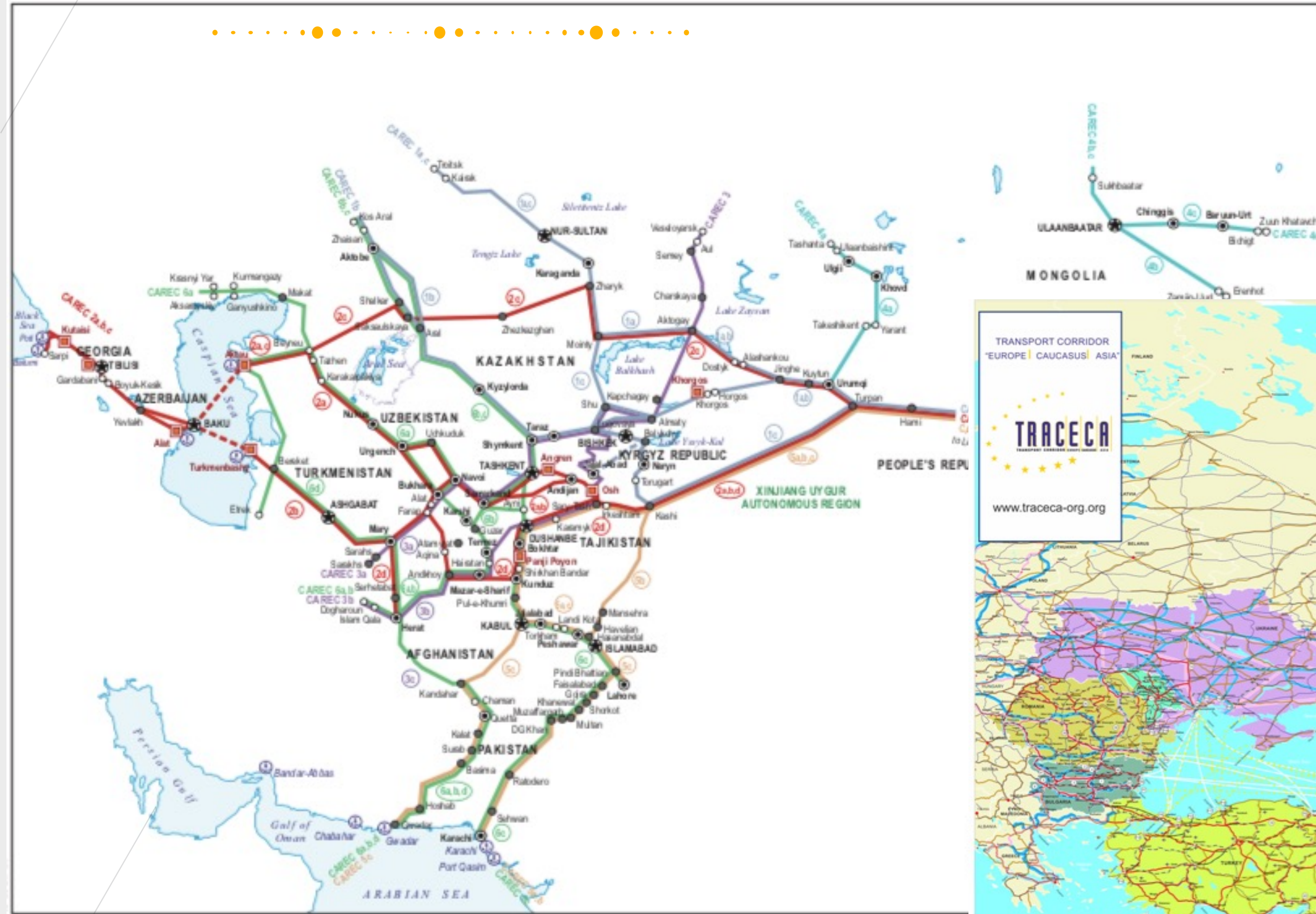
Inland waterways in LLDCs (km)

Asia		Africa		Latin America	
Afghanistan	1,200	Burundi		Paraguay	3,442
Kazakhstan	4,000	Central African Rep.		Bolivia	5,784
Kyrgyzstan	600	Rwanda			
Lao PDR	4,600	Uganda			
Mongolia	580				
Tajikistan	200	Europe			
Turkmenistan	1,300	Moldova	558		
Uzbekistan	1,100				

- In Asian LLDCs, IWT is utilized to transport passengers and bulk goods to hinterland and remote areas
- In Central Asia, the Caspian Sea gives access to Azerbaijan, Kazakhstan and Turkmenistan

Source: UN-OHRLLS (2019)

Transport Corridor Infrastructure Development



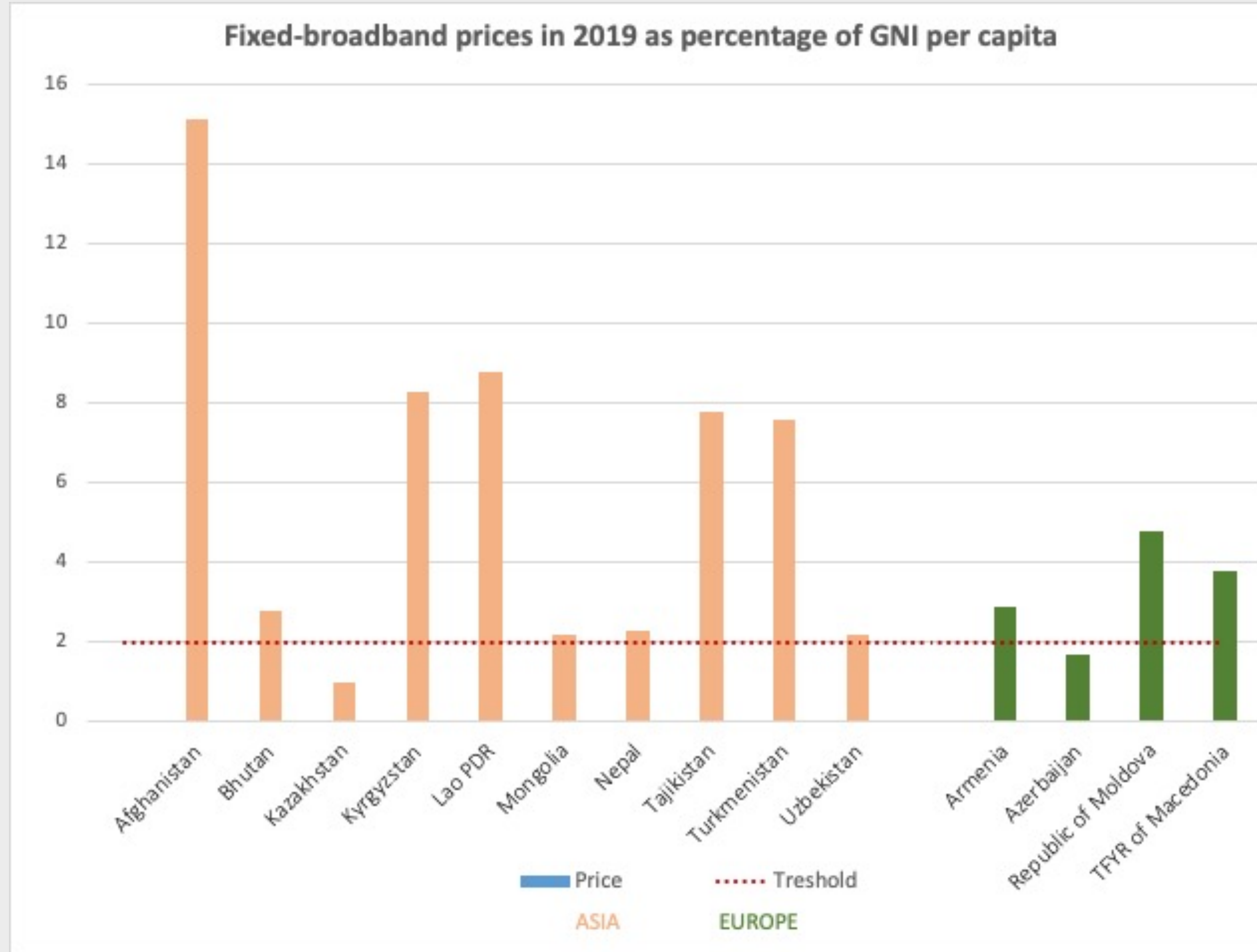
Telecommunication infrastructure



- Most value-added services do not depend primarily on highways and railways but on fast and efficient internet and telecommunications
- Telecommunications infrastructure is essential for border crossing facilitation
- Low ICT connectivity hinders the optimization of trade facilitation tools, such as automated single windows, automated system of customs data, and advance cargo information
- COVID-19 pandemic has brought to light the crucial role of digitalization:
 - Electronic cargo tracking system
 - Electronic exchange of information
 - Paperless solutions
 - Use of mobile banking and payment systems



Telecommunication infrastructure



Kazakhstan and Azerbaijan have met the UN Broadband Commission target for affordable entry-level service: **2% of GNI per capita**

Source: ITU (2020)

Challenges to improve infrastructure quality



1. Completing road and rail missing links
2. Developing robust maintenance programs
3. **Increasing the capacity on rail transport planning and economics**
4. Improving the capacity in mobilizing sufficient financial resources to finance the improvement of aviation infrastructure
5. **Need to update the inventory of the current and potential capacity of IWT to develop a robust infrastructure development plan**
6. Most LLDCs do not have dedicated institutions in charge of the waterway's development and effective division of responsibilities and coordination mechanisms
7. Lowering the price of broadband services to be in line with the purchasing power, to fully harness the potential of digital economy



Thank you for listening.

